

APPENDIX A. RELEASE OF ECONOMIC AND TECHNICAL INFORMATION

A- 100 Application. This **appendix** furnishes information on various subjects which the inspector will include in his or her initial and continuing advice and guidance to management.

A-101 Release of Economic and Technical Information. The ISM establishes uniform security practices within industrial plants for the protection of classified information. On the other hand, considerable information of value to a potential enemy is generated in the daily business of the nation, and particularly within industry, which receives no security classification until or unless the government acquires a proprietary interest in the subject matter. **This** information is passed freely in various forms. Management, on being informed, may institute a voluntary program governing the release of such unclassified information, if so desired.

a. Management of **facilities** should be encouraged by the inspector to exercise considerable caution "prior to **any** release of unclassified economic or technical information in press releases, advertisements, notices to stockholders, annual or quarterly reports, brochures, and so forth, including reports in response to questionnaires from unknown or questionable sources. Management should be advised that indiscriminate release could make the job of the saboteur **easier**, by pointing out potential targets. Furthermore, this material **when** assembled, collocated, and evaluated, could also contribute materially to an accurate **appraisal** of the strategic intentions of the U.S. Among the various areas where management should exercise caution before making information public are the following:

- (1) contract award information;
- (2) vulnerable points within a manufacturing plant;
- (3) plans and details of expansion of equipment and facilities;
- (4) production methods, techniques, and equipment;
- (5) figures on production and production capacity of plants and units within plants;
- (6) sources of semifinished products, components, and supplies;
- (7) sources of power, other utilities, and critical transportation affecting plant operations;
- (8) information concerning the security protection of the plant; and
- (9) information concerning research and development activities.

b. An **approved** method to guard against assembling of this vital information by a potential enemy is to make management aware of the danger, and to **determine** at the source those details which may or may not involve questions of security. In such a manner, publication of those segments of information, which either in and of themselves, or the cumulative totals of which would be of significant intelligence value to a potential enemy, can be prevented. Any questions concerning the release of such information should be referred to the CSO.

c. Management should be further informed that if it has contracts with the DoD, the release of certain classes of information is covered by the provisions of current public information security guidances and paragraph 50, ISM. If the data or information pertains to technology or science and is unclassified and further concerns arms, ammunition, and implements of war, the Department of State, ITAR (reference (1)) applies. If the information was directly contracted for or derived from UA sources, project developments, studies, aid requirements, or contracted arrangements, the UA's requirements will apply. If the technical information concerns economic factors with strategic overtones, the Export Administration Act of 1979, administered by the Department of Commerce, applies.

d. Management should be advised that under no circumstances will it release to unauthorized persons classified information furnished to, or developed by, the facility and furthermore, that this restriction applies to releases to public media and representatives thereof.

A-102 Replying to Questionnaires.

a. The numbers and types of questionnaires being circulated throughout industry have increased considerably in recent years. There is no question as to the responsibilities of individuals making out such questionnaires when answers given would compromise classified defense information -- classified information cannot be released.

b. Assuming the provisions of paragraph 50, ISM, are inapplicable it is difficult to determine where to draw the line with respect to unclassified information which, in the aggregate, may have intelligence or strategic significance when published in synopsis form. Whether certain compilations of information would be considered classified or whether their release in unclassified form would have an adverse effect on the national security are questions that can be answered only after each case has been reviewed on its own merits. Is the activity circulating the questionnaire known to the recipient? Or is it a "front" for an activity whose motives are subject to question? What use is to be made of the material collected by the questionnaire? It might seem that the information requested on the questionnaire is available from unclassified publications. Often the only basic difference between these unclassified publications and the questionnaires is that such publications give factual data whereas the questionnaires seek subjective qualitative analyses of these facts. In any event, while data responses to questionnaires would be unclassified, unless someone commits a security violation, the use of such questionnaires is considered to be an excellent device to attempt to elicit the disclosure of classified information.

c. With the exception of paragraph 50, ISM, there is no specific DoD regulation or prohibition against the filling out of such questionnaires, nor is it the policy of the DoD to direct companies or individuals to refrain completely from answering any and all questionnaires. Industry action in this regard must be voluntary. It is believed, however, that in leaving such matters to the individual discretion of the companies and individuals concerned, the exercise of common sense and good judgment will dictate the maintenance of a conservative outlook toward such matters. The DoD has no desire to interfere in legitimate business enterprise nor to impede the flow of information which might be expected to enhance the overall defense effort. The government realizes that industry itself has a heavy stake in protecting its proprietary interests and in winning deserved positions in the competitive market. How this can best be done is a matter for prudence and sound judgment. When in doubt, or in need of advice, in the exercise of their discretion in this matter, contractors may seek guidance from their CSO's. In any event, it would be appropriate for contractors to furnish copies of questionnaires seeking information of the nature discussed in paragraph A-103 below, to their CSO's for referral to the appropriate investigative agencies.

d. Questionnaires submitted by, or under the sponsorship of, agencies of the executive branch of the federal government should be complied with when there is evidence that the request has been approved by the Bureau of the Budget under the Federal Reports Act of 1942 (reference (ccc)). While there are certain exceptions to this act, such as tax forms and inquiries from Congressional committees, this is a safe guide to follow. This also applies to the collection of information by commercial research and management organizations, trade and business associations and organizations, university research groups, and the like, when representing themselves as agents of the government. Bureau of the Budget approval is evidenced in a letter by appropriate language citing a numerical symbol, and on a form by the following words and a numerical symbol usually placed in the upper right-hand corner:

FORM APPROVED

OMB NO. _____

EXP. DATE: _____

A-103 Requests from Communist Countries for Unclassified Information of Strategic, Scientific, and Technical Intelligence Value.

a. In addition to the passive collection effort described above, the Communist intelligence apparatus is engaged in an overt attempt to obtain unclassified information of strategic and technical intelligence value from U.S. industry, including DoD contractors. To accomplish this collection effort, the Communist intelligence personnel, working through numerous sources, send correspondence to industry requesting information in various forms, such as brochures, catalogs, books, productions charts, blueprints, layouts, technical and research reports, aerial photography, and maps. Firms may receive such requests originating from several identifiable sources: Communist countries and regions, and their embassies, missions, consulate, and the like; or from Communist agents registered with the DoD under the Foreign Agents Registration Act of 1938 (reference (ddd)) as representatives of principals within Communist countries. The footnote to paragraph 5u, ISM, lists the Communist countries.

b. Requests may also be received from sources not readily - identifiable with Communist agents located within a neutral or friendly country or from sources who, **while** requesting information overtly, do not identify the principals for whom they are working. On occasion, the type of information requested or the nature of the request may indicate that the requester is acting on behalf of a Communist country. Also on occasion, the requester will offer **Communist information** in exchange for the U.S. information requested.

c. Whenever the provisions of paragraph 50, ISM, do not apply, contractors may adhere to the following guidance.

(1) Communist personnel (such as **military attaches**) **officially** accredited to the U. S. are required to identify themselves when they make requests for information. If the contractor has reason to believe that such individuals made requests for information and failed to identify themselves, **or incompletely identified themselves**, the incident should be reported to the CSO and the nearest **FBI field office**.

(2) All requests for unclassified information originating **from sources identified or suspected as being from Communist countries** should be forwarded to the CSO for referral to the investigative agencies, as appropriate. Use one of the following addresses for the military department whose contract is involved:

HQ Dept. of the Army
The Pentagon
ATTN : **DAMI-CIS**
Washington, D.C. 20310

Office of Naval Intelligence
Dept. of the Navy
The Pentagon
Washington, D.C. 20350

Assistant Chief of Staff, Intelligence
Dept. of the Air Force
The Pentagon
Washington, D.C. 20330

A-104 Industrial Security and Communist Espionage.

a. The Communist intelligence services are constantly on "the alert" for opportunities to gain any kind of advantage that can be exploited. Not all information desired is classified, and they can collect unclassified information through overt methods. One of the results of the freedom of a democratic society such as the U.S. is the availability of voluminous information to the public merely "for the asking." The FBI reports there are approximately 2000 official Communist personnel stationed in Communist bloc embassies, consulates, trade delegations and missions throughout the United States. These people are accompanied by approximately 2000 dependents, many of whom have an espionage potential. This does not include those Communist representatives and their dependents who are temporarily in the country,

such as members of delegations, commercial visitors, research scientists and *
 the like. As of **December 31, 1979, it** is estimated that about 15,000 from *
 Communist bloc countries visit the U.S. each year including many who are *
 experts in the overt collection of public information. These figures do not *
 include 240 officials from the People's Republic of China in the U.S. who *
 are accompanied by 9 dependents. Further, as of this same date, an average *
 of 500 representatives for the People's Republic of China were in this *
 country in a temporary basis. It should be noted here that being able to *
 secure material legally and so easily has the added advantage of eliminating *
 the hazardous and time-and-personnel consuming clandestine operations which *
 would otherwise be necessary. *

b. For the purpose of identifying that material categorized as intelligence information, the following definitions given in the "Department of Defense Dictionary of Military and Associated Terms" (JCS Pub 1) (reference (eee)) might best be quoted:

(1) Information" (intelligence) is "unprocessed material of every description including that derived from **observations**, reports, rumors, photographs, etc., which when analyzed, produces intelligence."

(2) Intelligence is "the product resulting from the collection, evaluation, analysis, integration, and interpretation of all available information which concerns one or more aspects of foreign nations or of areas of operations and which. is immediately or potentially significant to military planning and operations."

(3) Strategic intelligence is "intelligence which is required for the formation of policy and military plans at national and international levels."

(4) Scientific and technical intelligence is "the product resulting from the collection, evaluation, analysis, and interpretation of foreign scientific and technical information which covers: a. foreign developments in basic and applied research, and in applied engineering techniques; and b. scientific and technical characteristics, capabilities, and limitations of all foreign military systems, weapons, weapon systems and material, the research and development related thereto, and the production methods employed for their manufacture."

c. The seriousness of the situation has been recognized by the DoD and in order to preclude the dissemination of unclassified information regarding classified contracts by industrial firms, the procedures outlined in paragraph 50, ISM, have been prescribed.